

The Mission Inn Hotel & Spa

presents the

25th

ANNIVERSARY

Festival of Lights

Riverside, CA



www.go-smri.com

2017-2018 RIVERSIDE FESTIVAL OF LIGHTS ECONOMIC IMPACT FINAL REPORT

- I. Research Methodology
- II. Economic Impact
- III. Demographic Data
- IV. Data Analytics Action Items

Executive Summary

The 2017-2018 Riverside 25th Annual “*Festival of Lights*,” was the culminating/year ending community-at-large outreach Event for the Mission Inn and City of Riverside. Considered by many to be a **pinnacle Event for the Riverside Metropolitan vicinity**, hosted by the Mission Inn and nearby auxiliary sites, took place November 25th, 2017 through January 6th, 2018.

The five week Festival, home to local business retail shops/food carts, nightly/weekend entertainment, and an incredibly Christmas light decorated Mission Inn Downtown Riverside holiday display, have the potential to bring a **tremendous influx** of capital into the local economy of the host metropolitan region, City of Riverside. The City of Riverside was interested in determining exactly what the economic impact is to the local community and what specific travel-related industries are impacted by the planning and staging of the **2017-2018 Riverside Festival of Lights and related economic “Events.”**

In order to gain a more *comprehensive* understanding of the total economic demand realized by the City of Riverside and regionally to Riverside County, the following will report on the research investigation of quantitative *and* qualitative impacts associated with hosting *2017-2018 Riverside Festival of Lights*. To better comprehend the value of economic impact research, a brief synopsis of this type of research is provided on the following slides.

Determining Economic Impact

Any developed economy, whether national, regional or local, is characterized by a high degree of interdependence among producing industries of the economy. Each industry not only produces goods or services, but also is a consumer itself, purchasing other goods and services for use in the production process. This inter-industry interaction creates additional demand and produces income and employment beyond the initial expenditure. Inputting initial expenditures ("direct impacts") into a model generates additional impacts ("indirect" and "induced"), which when added to the direct impact produces the total impact, which may be measured in a variety of ways, such as taxable sales, tourism-related income and employment.

It is a well known fact that the entertainment/festival/sport sectors are some of the high growth US industries, intertwining with virtually every aspect of the economy – from media and apparel to entertainment and advertising. Special events/festivals add to the economic strength of a community in a number of ways:

- They have the ability to create new business (e.g. positive impressions by visitors who return for conventions, vacations, retirement, etc.)
- They stimulate employment (staging large scale events is very labor intensive)
- Revenue generated from large scale events (particularly those of longer than three to five days duration) can provide the local government with significant tax revenue; i.e. events attract visitors from outside the community (as defined as any out-of-town person who travels to the area specifically for the event: spectators, participants, promoters, small businesses/proprietors and media). These expenditures represent an infusion of new wealth into a local community

Economic impact was measured by investigating the following:

1. Direct dollars spent due to the event and events leading up to the *2017-2018 Riverside Festival of Lights*, by out-of-town visitor (from outside the designated study area) consumers in the market (hotel, concessions/restaurants, local transportation, entertainment, merchandise, other miscellaneous retail)
 - Event(s) participants, spectators/out-of-town visitor profiles
 - Sub-Contractors/local Business Proprietors, Entertainment Performers and ALL others associated with the *2017-2018 Riverside Festival of Lights* auxiliary Event(s) disclosed in this investigation
2. Re-spending as a result of the direct expenditures from said "Events" (multiplier effect: business stimulation from introduction of new economic injection into the designated community)
3. Demographic and economic profiles of out-of-town visiting event attendees/participants
 - How many attend
 - How much they spend
 - Where are they spending their money
 - On what do they spend while in attendance
 - Origin geographic locations of "out-of-town" visitors
 - Basic demographics
4. Economic impact spreadsheet showing how much Event(s) driven money is injected into the local economy (revenue of Event-related entities: hotels, restaurants, local transportation, entertainment, retail)
5. Corporate/business spending patterns as a direct result of Event-related activities
6. Types of local businesses effected by Event(s) driven spending
7. Precise number of jobs in all local businesses effected by Event(s) driven spending

WHO

750,00 Festival Visitors
2778 Survey Intercepts

WHAT

Economic impact & event
perspective survey
administered to attendees

WHEN

Dates Surveyed:
Nov 25th, Nov 26th, Dec 2nd,
Dec 9th, Dec 16th, Dec 17th,
Dec 23rd, Jan 6th,

HOW

SMRI experienced field
research staff completed
onsite survey protocol



A festive night scene with people, heaters, and lights. The background shows a crowd of people at an outdoor event. In the foreground, there are several tall, silver patio heaters. The scene is illuminated by warm white lights and colorful bokeh lights in shades of blue, purple, and green. Two stylized firework graphics, one yellow and one blue, are positioned above the main title. The title 'Festival of Lights' is written in a white, elegant cursive font with small star accents.

Festival of Lights

II. ECONOMIC IMPACT

Summary of Economic Impact

Impact Type	Employment (Jobs)	Industry Output (Revenues)
Direct Effect	1,088	\$84,580,367
Indirect Effect	156	\$20,857,222
Induced Effect	186	\$24,323,987
Total Effect	<u>1,430</u>	<u>\$129,761,577</u>

Greater spending and overall economic impacts estimated for 2018 compared to 2014 UC Riverside Study was due to higher attendance and more traveling groups, greater share of primary purpose of trip, and higher spending per group night.

In addition, the SMRI economic impact team tapped used a “reduced form” Implan model Riverside County that has only households in the social accounts, excluding state/local and federal government respending that are typically analyzed so that the results are more comparable to those from the previous study in 2014.

- Total **attendance** in 2018 **increased by 58%**, up from 475,000 to 750,000
- Festival of Lights as **primary purpose** of trip increased from 79% to **89%**
- Average **group size decreased** from 3.84 to **1.99**, INCREASES number of SEPARATE traveling parties
- Average **spending** per group increased from \$488 to **\$701**
- The **GDP** of California is **healthier** in 2018 when compared to 2014
- **Unemployment** locally and statewide has **improved** since 2014

Visitor Spending

Expense Category	Implan Sector	Average Per Group	Total All Nonlocal Visitor Groups	Split amount
Lodging & Accommodations	499 Hotels and motels, including casino hotels	\$313.9	\$46,224,789	\$23,112,395
	500 Other accommodations			\$23,112,395
Food (e.g. grocery stores)	400 Retail - Food and beverage stores	\$68.1	\$10,033,206	\$10,033,206
	501 Full-service restaurants	\$139.9	\$20,600,229	\$10,300,114
Restaurants	502 Limited-service restaurants			\$10,300,114
Miscellaneous Retail (.e.g. Gifts/Shopping)	405 Retail - General merchandise stores	\$81.1	\$11,937,891	\$11,937,891
Entertainment/Recreation/Attractions	496 Other amusement and recreation industries	\$57.6	\$8,483,356	\$8,483,356
Local Transport (e.g. Rental Car/Gas/Taxi/Limousine/Bus Tours)	414 Scenic and sightseeing transportation and support activities for transportation	\$40.9	\$6,016,360	\$3,008,180
	402 Retail gasoline stores			\$3,008,180
Total		\$701.4	\$103,295,831	\$103,295,831
Average spending per day		\$373		

- The average Festival of Lights **travel party** was **1.99 members**
- Share **nonlocal** visitors **43%**
- Out of town travel parties estimated **spending** close to **\$701.40** during their stay
- Average number of **nights** stayed: **1.047**

IMPLAN Input Information

Sector	Industry Sales	Employment	Employee Compensation	Proprietor Income	Event Year	Output Deflator	GDP Deflator	Trade Margin	Local Purchase Percentage
400 Retail - Food and beverage stores	\$10,033,206	35	\$1,254,663	\$169,190	2018	1.044	1.099	27.9%	100%
402 Retail - Gasoline stores	\$3,008,180	3	\$86,664	\$111,321	2018	1.044	1.099	10.8%	100%
405 Retail - General merchandise stores	\$11,937,891	40	\$1,222,584	\$17,281	2018	1.044	1.099		100%
414 Scenic and sightseeing transportation and support activities for transportation	\$3,008,180	26	\$206,842	\$66,185	2018	1.133	1.099		100%
496 Other amusement and recreation industries	\$8,483,356	110	\$4,206,170	-\$116,884	2018	1.143	1.099		100%
499 Hotels and motels, including casino hotels	\$23,112,395	217	\$7,896,750	\$20,606	2018	1.159	1.099		100%
500 Other accommodations	\$23,112,395	300	\$9,739,939	-\$149,726	2018	1.159	1.099		100%
501 Full-service restaurants	\$10,300,114	186	\$4,674,793	\$149	2018	1.114	1.099		100%
502 Limited-service restaurants	\$10,300,114	172	\$3,505,032	\$199,796	2018	1.114	1.099		100%

Survey Respondents were asked to estimate the amount that their party spent in total for:

- Lodging & Accommodations **\$313.90** per party
- Food (e.g. grocery stores) **\$61.10** per party
- Restaurants **\$139.90** per party
- Miscellaneous Retail (.e.g. Gifts/Shopping) **\$81.10** per party
- Entertainment/Recreation/Attractions **\$57.60** per party
- Local Transport (e.g. Rental Car/Gas/Taxi/Limousine/Bus Tours) **\$40.90** per party

Employee Impacts by Major Industry

NAICS Industry Group	Employment (Jobs)	Labor Income	Value Added	Industry Output
11 Ag, Forestry, Fish & Hunting	<1	\$13,843	\$20,161	\$27,368
21 Mining	<1	\$13,287	\$29,936	\$51,160
22 Utilities	<1	\$57,123	\$199,890	\$353,747
23 Construction	8	\$490,952	\$584,479	\$1,535,562
31-33 Manufacturing	2	\$89,273	\$159,137	\$459,994
42 Wholesale Trade	10	\$625,698	\$1,469,629	\$2,164,231
44-45 Retail trade	124	\$4,518,621	\$7,228,202	\$10,303,820
48-49 Transportation & Warehousing	41	\$982,863	\$1,906,577	\$5,019,415
51 Information	5	\$325,137	\$1,228,258	\$2,425,119
52 Finance & insurance	18	\$669,155	\$1,081,414	\$2,985,945
53 Real estate & rental	30	\$443,277	\$7,659,974	\$10,478,658
54 Professional- scientific & tech svcs	25	\$1,007,606	\$1,705,415	\$2,947,178
55 Management of companies	4	\$321,806	\$404,508	\$786,146
56 Administrative & waste services	45	\$1,334,094	\$1,858,963	\$2,878,865
61 Educational svcs	5	\$136,807	\$144,670	\$262,000
62 Health & social services	38	\$1,922,679	\$2,085,209	\$3,574,654
71 Arts- entertainment & recreation	119	\$4,302,400	\$5,302,141	\$9,083,398
72 Accommodation & food services	912	\$26,855,879	\$40,705,639	\$69,321,392
81 Other services	33	\$1,409,735	\$1,452,017	\$2,372,889
92 Government & non NAICS	12	\$1,055,159	\$1,088,471	\$2,730,034
Total	1430	\$46,575,395	\$76,314,690	\$129,761,577

*Reduced From IMPLAN

Local, State, and Federal Tax Impact

Description	Total
Dividends	\$15,220
Social Ins Tax- Employee Contribution	\$69,371
Social Ins Tax- Employer Contribution	\$134,117
Tax on Production and Imports: Sales Tax	\$3,382,075
Tax on Production and Imports: Property Tax	\$2,967,506
Tax on Production and Imports: Motor Vehicle Lic	\$83,161
Tax on Production and Imports: Severance Tax	\$1,913
Tax on Production and Imports: Other Taxes	\$545,911
Tax on Production and Imports: S/L NonTaxes	\$106,601
Corporate Profits Tax	\$270,791
Personal Tax: Income Tax	\$1,321,584
Personal Tax: NonTaxes (Fines- Fees)	\$237,719
Personal Tax: Motor Vehicle License	\$49,892
Personal Tax: Property Taxes	\$16,758
Personal Tax: Other Tax (Fish/Hunt)	\$9,715
Total State and Local Tax	\$9,212,333
Social Ins Tax- Employee Contribution	\$2,752,839
Social Ins Tax- Employer Contribution	\$2,623,887
Tax on Production and Imports: Excise Taxes	\$603,650
Tax on Production and Imports: Custom Duty	\$249,932
Tax on Production and Imports: Fed NonTaxes	\$63,542
Corporate Profits Tax	\$1,550,453
Personal Tax: Income Tax	\$3,479,161
Total Federal Tax	\$11,323,465



*Reduced From IMPLAN

Return on Investment (*)

Costs [C]: City Expenditures to Stage Event	
Staffing: fire, police, switch-on ceremony, rest of event, general services, ACAD	\$200,000
Kenny Loggins event	\$250,000
Total	\$450,000
Benefit (B): Total value added (income) impact of visitor spending	
	\$76,314,690
"Social" ROI calculation: (B-C) / C is ratio of net benefit to costs	
	168.6
Local Benefit (B): "Taxable impact" of visitor spending	
	\$9,212,333
ROI calculation: (B-C) / C is ratio of net benefit to costs (*)	
	19.5

*Represents Taxable Income Via IMPLAN

Media Valuation

Traditional Media: TV/Radio Value	
Los Angeles	\$100,000
San Diego	\$94,000
Palm Springs	\$50,000
Total	\$250,000
Traditional Media: Print/Online	
	\$2,500,000
Total Media (BZA PR Agency Valuations-LA Based)	
	\$2,750,000

(*) Return on Investment (ROI) is calculated as the net benefit divided by the cost or investment for any business enterprise or government project or policy. This study used two alternative calculations of ROI for the Festival of Lights based on different estimates of the net benefit, for the given cost to the City. First, the broad community impacts were calculated using the total value added impact of the event in the regional economy (Riverside County), using the IMPLAN regional economic model. This value is equivalent to the change in Gross Regional Product (GRP) or total personal and business net income generated by visitor and organizational spending in all sectors throughout the economy, and may be construed as the total public value. Secondly, the benefit was calculated narrowly for just the fiscal or tax impacts to local and state government estimated in the regional model, which is similar to the concept of a financial ROI for private firms. Tax impacts in IMPLAN reflect prevailing rates for various types of taxes (sales, payroll, property, fuel, excise, etc.) at the county level

Travel Accommodations

On average respondents were staying in Riverside and the surrounding area for an average of 1.047 nights.

Hotel / Resort
26.8%

Owned
Condominium,
Apartment, or
House
4.1%

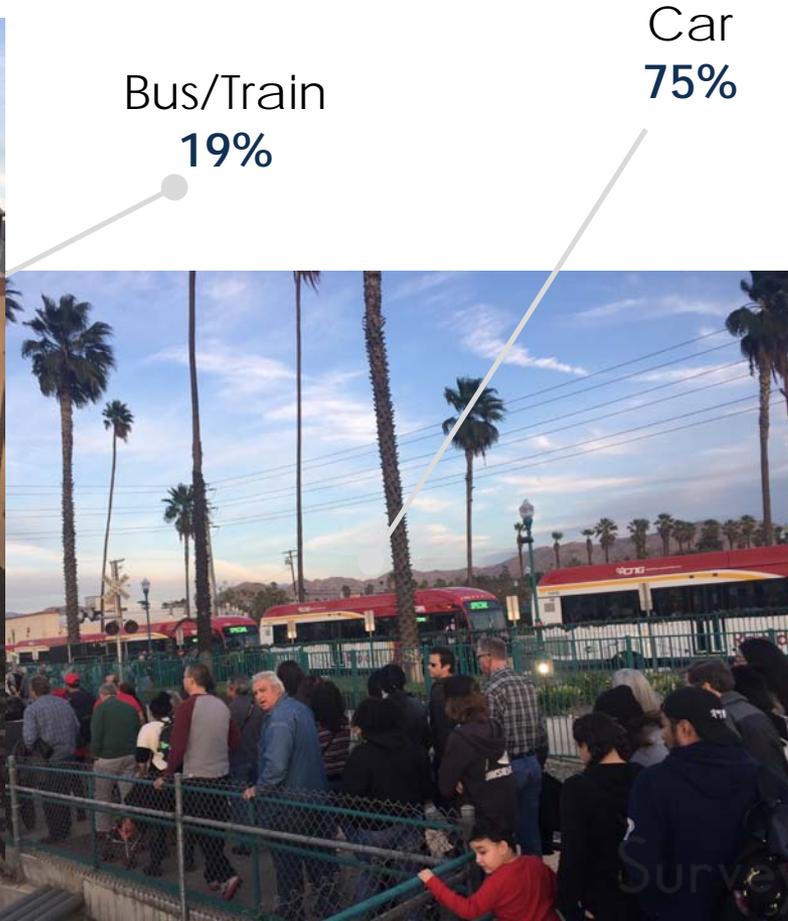


With Friends /
Relatives
21.1%

AirBNB/VRBO
Rental
2.8%

Travel Transportation

A majority of 2017-2018 Festival of Lights attendees (75%) traveled to Riverside by car. Of the attendees who traveled by plane, 6% arrived at Los Angeles International Airport.



Bus/Train
19%

Car
75%

Commercial
Plane
5%

Private Airplane
Jet
1%



Festival of Lights

III. DEMOGRAPHIC DATA

Attendance Motives

89% of survey respondents shared that the 2017-2018 Festival of Lights was the **primary purpose** of their visit. Of these respondents, a majority (54%) were **local residents** followed by **out-of-town visitors** (43%). Most attendees claimed this was their **first year** (55%) or **2-3 year** (20.5%) attending the Riverside Festival of Lights and importantly **65%** shared they would **return to the Riverside** Community in the next year.

Involvement	Response
Local Resident – Spectator	54%
Out-of-town Visitor - Spectator	43%
Sponsor or Vendor	2%
Volunteer or Venue Support Staff	.5%
Media	.5%

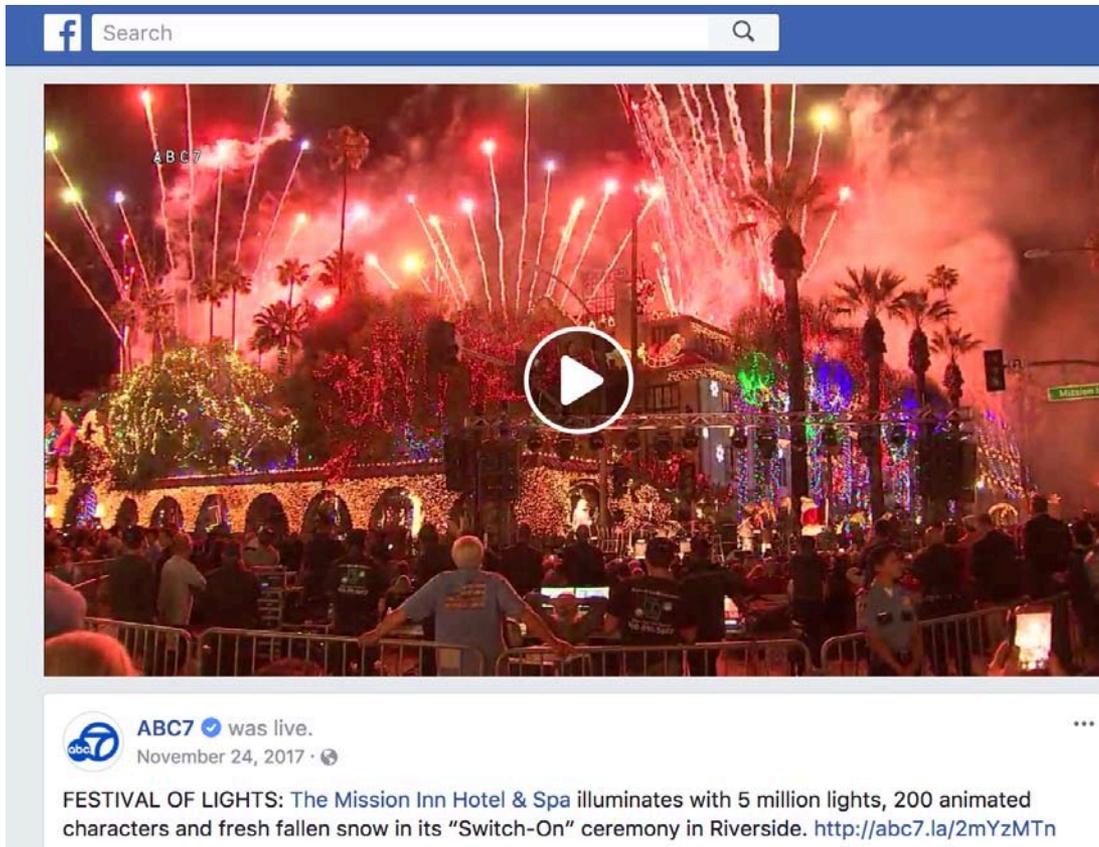
Event Attendance Record	Response
First Year	55%
2-3 Years	20.5%
4-6 Years	9%
7-9 Years	3.5%
10+ Years	12%

Return to Riverside	Response
Yes	65%
No	35%

Riverside Impression	Response
More Favorable	62%
Same	36%
Less Favorable	2%

Source of Awareness

The majority of 2017-2018 Festival of Lights attendees who attended heard about the event through **word of mouth (65%)**, **attend regularly (22%)**, or discovered through **social media (22%)**.

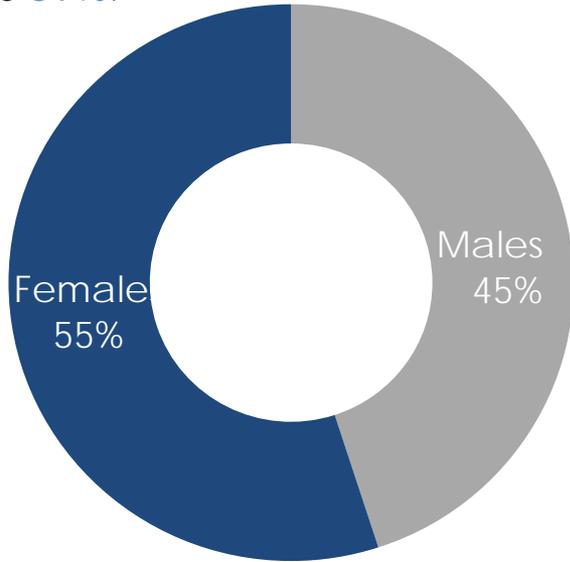


Word-of-mouth	65%
I attend regularly	22%
Social Media	19%
TV	10%
Website	10%
First Time Visiting Riverside	7%
Radio	4%
Email	3%
Magazine	3%

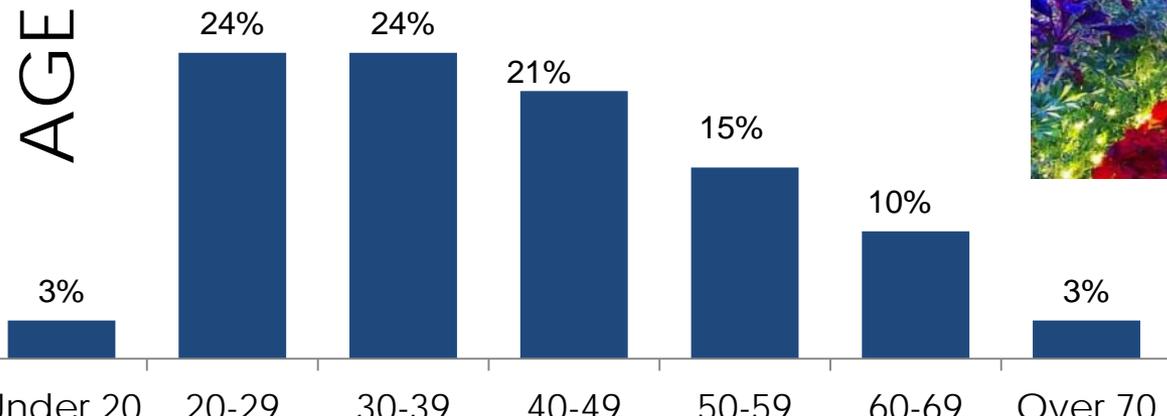
Gender and Age Demographics

The majority of 2017-2018 Festival of Lights attendees were female (55%) with a median age was 39%.

GENDER



AGE



Ethnicity and Education Demographics

The majority of 2017-2018 Festival of Lights attendees were **Caucasian (47%)** with a **college education**.



Ethnicity

Caucasian	47%
Hispanic	27%
Asian	18%
African American	13%
Middle Eastern	4%
American Indian	3%

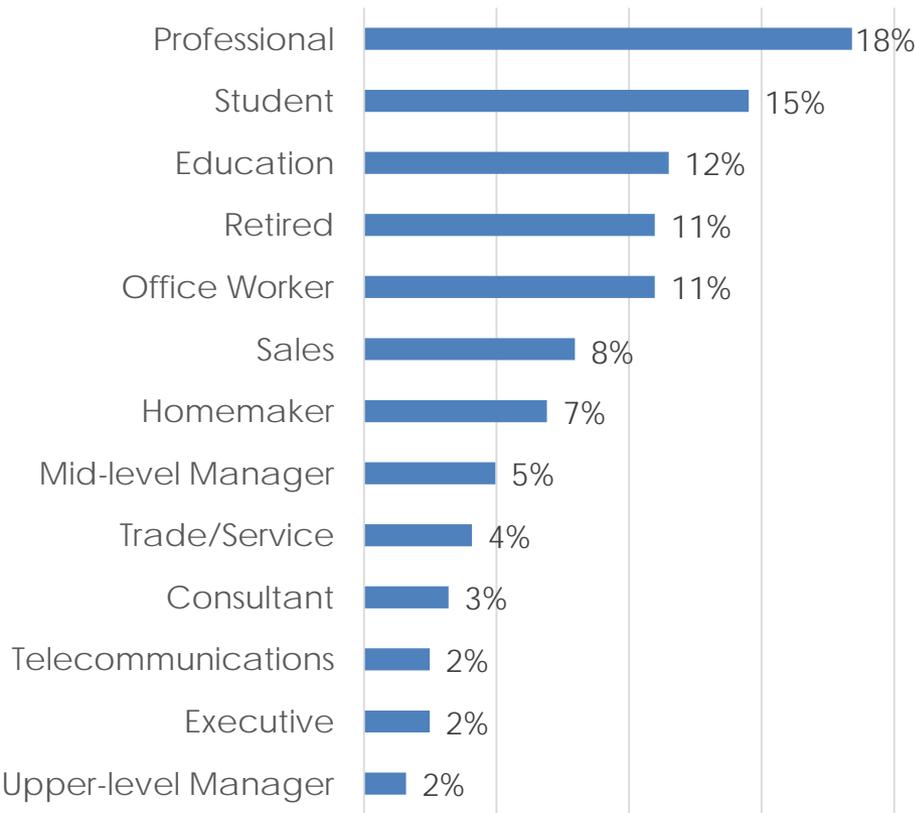
Education

Some High School	3%
High School	4%
Some College	21%
Trade School	4%
College	53%
Graduate School	13%

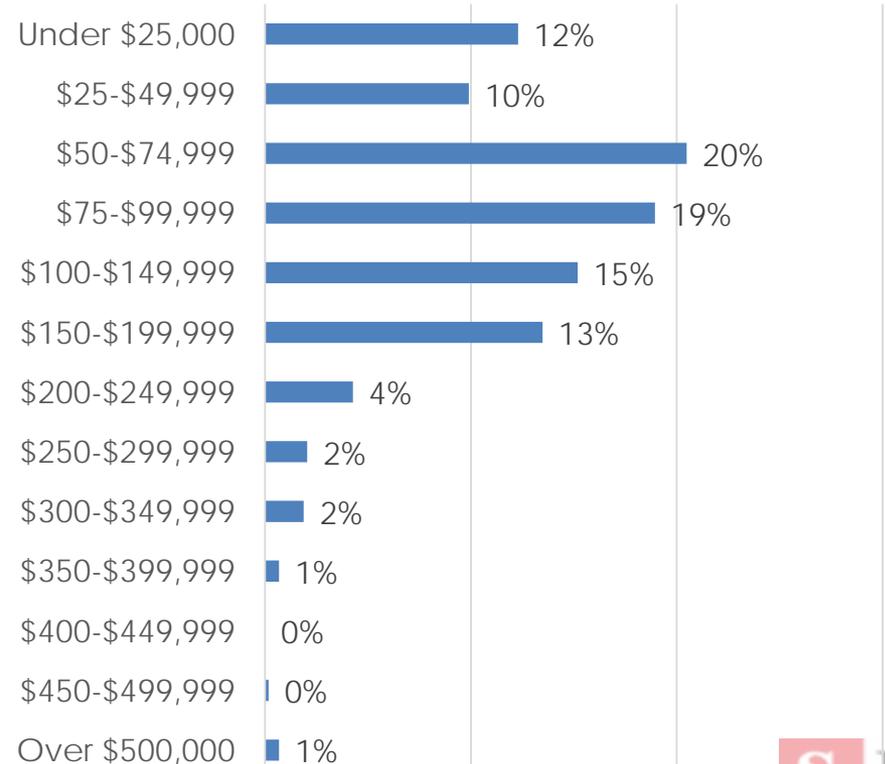
Occupation and Income Demographics

The majority of 2017-2018 Festival of Lights attendees were professionals (18%) or students (15%) with a median annual household income of 80K.

OCCUPATION



ANNUAL HOUSEHOLD INCOME



*Note average party size was 1.9



Festival of Lights

IV. RECOMMENDED ACTION ITEMS

Recommended Action One:

The 2017 – 2018 Festival of Lights (FOL) economic impact generated a total of **1,430** full time equivalency jobs for the designated study area, including the greater City of Riverside metropolitan vicinity. Additionally, a total economic impact of **\$129,761,577** was generated by the visitor spending and subsequent investment into primarily tourism related areas. This annual infusion into the local Riverside downtown vicinity alone warrants continued ROI by civic/government leaders targeting staging what has become a Southern California historical annual event which continues to grow in stature and prestige. The total media added value estimated at **\$2.75 million** is further testimony to the additional draw this event has with print, broadcast, and internet professionals nationally.

Recommended Action Two:

The 2017-2018 FOL event continues to offer a **very positive economic stimulus** for healthy economic infusion regionally, particularly in tourism industry segments (comparisons over a eight year baseline measure as benchmarked with 2010 FOL EI findings) . The **above average SES** (socioeconomic-status) of visitors profiled attending the 2017-2018 FOL (distinguishes these event consumers from other regional large scale events (e.g. festivals, concerts, etc.)). These consumers spend attributes include the **per diem expenses** reported per out-of-town visitors on tourism-related expenditures, and above average visitor household income (HHI). These positive economic impact attributes, coupled with the fact that this event has a significant capability to attract a large percentage of out-of-town visitors to the host region, Riverside County. State government/tourism agencies (e.g. CVB, Economic Development Agencies) need to be reminded of the economic advantages that future FOL events have to offer local/state tax rolls, employment generation and **significant** regional business stimulation (hoteliers, restaurant-owners, entertainment/arts enterprises/ local transport, miscellaneous retail, etc.).

Recommended Action Three:

With **62%** of out-of-town visitor's revealing they had a "more favorable" impression of the region as a result of their tourism experiences during the 2017-2018 FOL event, the prospects for continued visits/returned business to the region economy **remains high** (**65%** indicated they plan to return to the region in the next calendar year). The **positive qualitative measure** of repeat business and travel to the regional vicinity should be documented and measured by the regional convention and visitor bureaus. The real added value to staging large scale event(s) of this nature is in the **return business which continues to resonate with event community findings worth noting, the enhanced notoriety and the FOL event "brand" amongst attendees nationally also continues to improve as indicated by the increase in attendance figures since SMRI initially studied the event in 2010**. This is also an excellent barometer of how vested these out-of-town visitors were in the regional tourism "brand" as a future vacation, business meeting, purchase of a second home/condo or relocation to the vicinity to live on a permanent basis.

Recommended Action #4: Social Media Investment Strategy

26 percent of respondents said they heard about the Festival of Lights through traditional media, while 19 percent heard about it through social media. This suggests focusing PR efforts on building a social media following and producing strong and compelling content that will engage their core audience as well as those that may not have attended before. Continuing with media outlets, additional campaigns advertising with Facebook, Instagram, and other social media platforms should be added.



Thank You

*For Contracting SMRI To Service Your Economic Impact
Data Intelligence Needs!*

Survey-EDGE